

For additional information contact: Member Services at the Personnel Cabinet at (888)581-8834 or (502)564-6534

Dear Public Employee Health Insurance Participants:

To continue providing high quality benefits to the Commonwealth's employees now and in the future, on January 1, 2006, the state will launch a new employee health insurance plan. The Administration has been able to offer the same choices of health benefits for the entire plan year (January 1, 2006 through December 31, 2006) at the same cost to employees. In addition, co-payments on prescription drugs covered in the first tier will be reduced to \$5 per prescription to encourage the use of generic drugs offering the same medical benefit at a lower cost.

The state is moving from a program in which regional contracts with insurers are negotiated annually to a new statewide program that provides consistent benefits and an extensive provider network to members across Kentucky. Humana, in partnership with Bluegrass Family Health, has been selected to administer medical benefits, while Express Scripts, Inc., will be the pharmacy benefits administrator for the new **Kentucky Employees Health Plan**. The companies will coordinate services and information with one another to ensure seamless delivery of service for members. You will be able to choose among the same benefit choices (**Essential, Enhanced and Premier**), as you do now, within the **Kentucky Employees Health Plan**.

The state is following the successful example of such large employers as the University of Kentucky, Toyota Manufacturing and many other state governments that have moved toward this approach, which is known as "self-insurance." Under the self-insured program, the state itself will accept the risk of and manage the entire program.

This new funding method will enable the Commonwealth to be more efficient by reducing administrative expenses, cutting insurer profit margins, and securing better network discounts and pharmacy rebates within the plan. In the long term, by becoming self-insured, the state is investing in our employees' health and wellness in a way in which outside insurers cannot.

We encourage each of you to visit our Web site at <http://personnel.ky.gov/> (click on the 2006 Health Insurance link in the right-hand corner). More information will be coming soon about open enrollment, which is scheduled for October 17-28, during which employees, for the first time, will be able to take advantage of online enrollment.

Sincerely,

Erwin Roberts, Personnel Cabinet Secretary

James W. Holsinger, Jr., M.D., Health and Family Services Cabinet Secretary